

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-11 ISO-00

SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00

DOE-15 H-01 INR-10 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-05 ICA-11 OES-07 SP-02 SS-15 STR-07

TRSE-00 ACDA-12 /169 W

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R 032320Z MAY 78

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2155

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY CAIRO

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMEMBASSY DAMASCUS

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E.P. 11652: N/A

TAGS: ENRG OPEC VE

SUBJECT: OAPEC SECRETARY GENERAL COMMENTS

ON OIL PRICING

1. CONCLUDING A WEEK LONG VISIT AS GUEST OF MINISTER OF ENERGY HERNANDEZ, THE SECRETARY GENERAL OF THE ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC), ALI AHMED ATTIGA TOLD A PRESS CONFERENCE APRIL 28 THAT THE OPEC COUNTRIES ARE CURRENTLY LOSING \$10 TO 12 BILLION PER YEAR AS A RESULT OF THE DELINE IN THE DOLLAR'S PURCHASING POWER VIS A VIS OTHER CURRENCIES. INSISTING HE WAS ONLY EXPRESSING A PERSONAL VIEW, SINCE OAPEC DOES NOT AS A MATTER OF POLICY MAKE DECISIONS ON PRICES, ATTIGA REPORTEDLY SAID THAT THE FUNDAMENTAL PROBLEM FOR THE OPEC COUNTRIES IS NOT THAT OF UNFREEZING PRICES, BUT RATHER THE NEED TO CHECK THE EROSION OF THE OFFICIAL PRICES AS A RESULT OF THE DOLLAR'S DECLINE. HE SUGGESTED AS ONE POSSIBILITY THE RESTORATION OF A MECHANISM WHICH HAD BEEN WORKED OUT WITH THE MULTINATIONAL OIL COMPANIES IN 1973 WHEREBY THE PRODUCING COUNTRIES WERE TO BE COMPENSATED IN THE EVENT OF THE DOLLAR'S DEPRECIATION.

2. COMMENT: ATTIGA'S REMARKS ON OIL PRICING AT THE END OF HIS VISIT DIFFERED MARKEDLY FROM THOSE REPORTED ON HIS ARRIVAL, WHEN HE WARNED OF THE DANGERS OF FIXING PRICES IN A CURRENCY OVER WHICH OPEC HAD NO DIRECT CONTROL AND SUGGESTED THAT THEY BE SET IN SDR'S OR A NON-DOLLAR CURRENCY. HIS APPARENT SUBSEQUENT SUPPORT FOR CONTINUED USE OF THE DOLLAR, COMBINED WITH A FORMULA TO COMPENSATE LIMITED OFFICIAL USE

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FOR ITS DEPRECIATION, MAY IN PART REFLECT THE VIEWS OF HIS VENEZUELAN HOSTS, ALTHOUGH THIS IS THE FIRST WE HAVE HEARD OF SUCH A MECHANISM. ATTIGA APPARENTLY WAS REFERRING TO THE OPEC RESOLUTION OF DECEMBER 1970 WHICH WAS USED TO ADJUST FOR THE DOLLAR DEVALUATIONS OF 1971 AND 1973. END COMMENT.

3. ATTIGA SAID HIS VISIT WAS TO ACQUAINT OAPEC WITH DEVELOPMENTS IN VENEZUELA'S PETROLEUM INDUSTRY IN THE TWO YEARS SINCE NATIONALIZATION AND TO EXPLORE OPPORTUNITIES FOR TECHNICAL COOPERATION BETWEEN OAPEC MEMBERS AND VENEZUELA. HE NOTED PARTICULARLY THE WORK OF INTEVEP, VENEZUELA'S PETROLEUM TECHNOLOGICAL INSTITUTE, BUT ADDED THAT HE WAS UNDER NO COMMITMENT TO REACH AN AGREEMENT AND THAT CONTRACTS OR AGREEMENTS HAD BEEN SIGNED.

4. ACCOMPANYING ATTIGA WERE DR FADHIL AL-CHALABI, DIRECTOR OF OAPEC'S EXECUTIVE COMMITTEE, ABDUL AZIZ AL-WATTARI, OAPEC ADVISOR, DR WALID KHADDURI, PUBLIC RELATIONS AND INFORMATION DIRECTOR, AND PETROLEUM ENGINEER MOUSSA ISMAIL. THE GROUP VISITED THE HYDROELECTRIC, IRON, STEEL AND ALUMINUM COMPLEX IN THE GUYANA REGION, PETROLEUM

INSTALLATION AROUND LAKE MARACAIBO, AND MET WITH PRESIDENT PEREZ, MINISTER HERNANDEZ AND PETROLEOS DE VENEZUELA PRESIDENT GENEAL ALFONZO RAVARD.

5.COMMENT: A MINISTRY OF ENERGY OFFICIAL WHO MET WITH ATTIGA TOLD US THTE REFERENCE TO POSSIBLE TECHNICAL COOPERATION WAS LARGELY AN EXCUSE FOR A GOODWILL VISIT. HE ALSO COMMENTED THAT ATTIGA SEEMED PARTICULARLY SURPRISED AND IMPRESSED BY THE GOOD WORKING RELATIONSHIPS WHICH VENEZUELAN OFFICIALS,BOTH IN THE MINISTRY AND THE INDUSTRY, HAVE MAINTAINED WITH THE MULTINATIONAL COMPANIES IN THE POST NATIONALIZATION PERIOD.
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